



Internal Control Assessment (ICA)

Internal Control Questionnaire (ICQ)

Outline- ICA/ICQ



1. Purpose, who and when
2. Partners who are subject to ICA/ICQ
3. Partner's procurement capacity
4. Links to other processes
5. Walk through the process flow
6. Overview of the template



What is an ICA/ICQ?

An **Internal Control Assessment** (ICA) template is used both by UNHCR project control personnel to conclude an Internal Control Assessment at the beginning of a funded partnership, and by UN/UNHCR external project auditors when establishing the **Internal Control Questionnaire (ICQ)*** of a funded partner after implementation.

The ICA takes into account the improvements built into the recently updated template for HACT Micro Assessments used by other UN agencies. This template is a **harmonized internal control assessment tool of funded partners** that allows the **sharing of information among UN agencies** on partner risk assessments and partner risk profiling, via the UN Partner Portal.



Why conduct an Internal Control Assessment (ICA) or an Internal Control Questionnaire (ICQ)?

- **To determine** whether the partner has in place processes and tools providing **reasonable assurance about their capabilities to achieve results**.
- **To understand the risks** of a particular partnership and how to better **mitigate the risks**; assess how to take advantage of particular **strengths/opportunities** identified.
- **To gain reasonable assurance** about the partner's reporting capabilities in relation to results, financial and regulatory reporting.

Who conducts the ICA/ICQ?

- **ICA:** UNHCR's multi-functional team, led by project control function (with supply function leading on procurement and assets and inventory management related process reviews).
- **ICQ:** Project auditors.

When are they conducted?

- **ICA:** Outside of scheduled audits, before the signature of Project Workplan.
- **ICQ:** Following the schedule of project audit when commissioned as part of a regular project financial audit. It is **completed by 30 April** of year following project implementation (if Project Financial Report and other requirements are available to auditors by 16 March).

Partners subject to ICA/ICQ?



Who is subject to an ICA/ICQ?

- All types of partners including government partners are subject to the ICA/ICQ, except **grant agreement and UN partners**.
- Required for partners who do not have a **valid** UN/UNHCR ICA/ICQ assessment in the last 3 years (*validity period starts from date of signature of the completed ICA/ICQ*).

What happens if UNHCR cannot complete the ICA/ICQ?

- A high-risk rating will be applied by UNHCR when determining essential controls for the project workplan.

Partner's procurement capacity



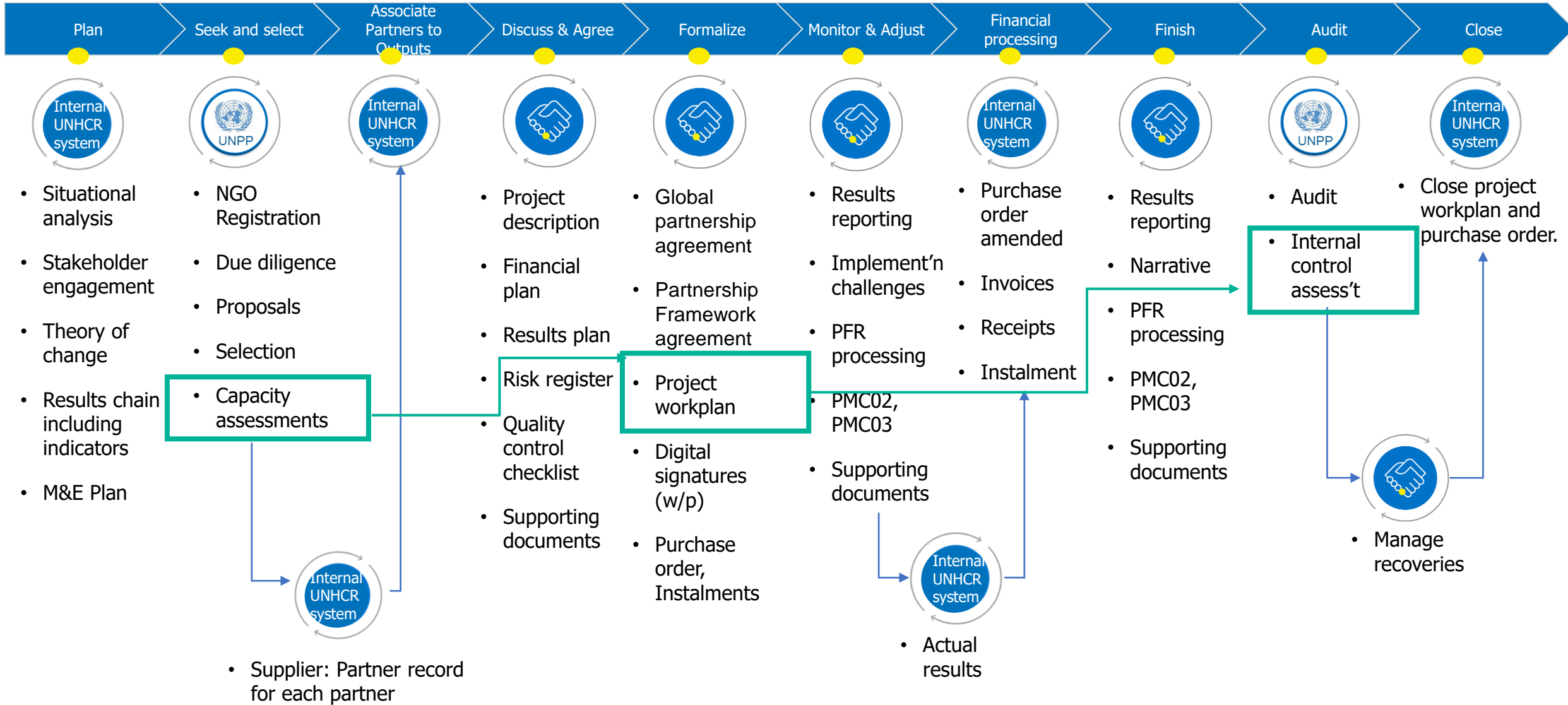
- If most recent ICA/Q indicates a **medium or low risk rating** on procurement related processes, **partners are allowed to procure goods and services** according to their financial plan, except for the following categories requiring clearance before purchasing with UNHCR funds:
 - ✓ Core relief items
 - ✓ medicine/medical supplies
 - ✓ vehicles
- In case the partner's ICA/ICQ results in **significant or high procurement risk rating**, the **UNHCR supply function is consulted** about how to best meet the partnership procurement needs if the partner is not permitted to carry out the procurement itself.
- **For government partners from WTO member states** (not observers), procurement rules are considered **compatible to UN/UNHCR** – no need to review their policies/systems.

NOTE: Partners are **strictly prohibited** from procuring land, buildings or property.

Keep in mind: From 1 Jan 2024 onwards, partners will no longer require **PQP*** status.

*PQP = Pre-Qualification for Procurement

ICA/ICQ in the Overall Partnership Management Process

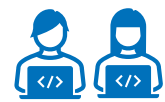


ICA/ICQ results & links to PWs



1. ICA/ICQ results should be available before the signature of a **project workplan (PW)**.
2. The results of the ICA/ICQ are used to inform the PW risk assessment, which subsequently provides recommended essential controls including **the expected number of instalments, the percentage of the first instalment and whether the partner should provide personnel reports with each PFR**.
3. The results of the ICA/ICQ assist in identifying the timing and nature of ongoing implementation monitoring and determine the types, timing, and extent of procedures applicable to subsequent project audits.
4. The project workplan risk assessment considers the partner's UN/UNHCR audit ICQ rating, the UN audit results (adverse/qualified/disclaimer) and the estimated budget (threshold of 250K for low or high values defines different risk mitigation and control measures). These parameters trigger essential controls when entering into the PW.

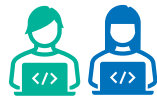
ICA/ICQ process flow overview



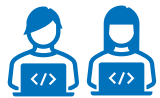
UNHCR/AUDITOR sends ICA/ICQ template to Partner (via Outlook or PROMS)



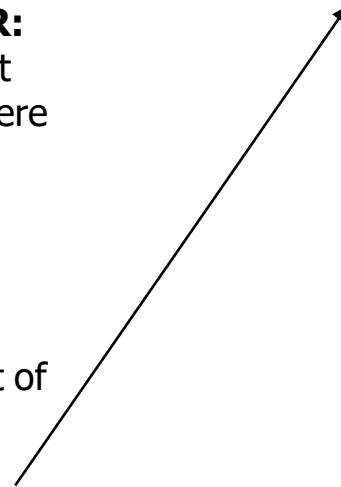
a) PARTNER fills out ICA/ICQ template, gathers supporting documents and sends to UNHCR/Auditor (via Outlook or PROMS). **OR:**



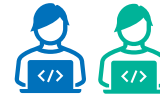
b) PARTNER & UNHCR/AUDITOR fill out ICA/ICQ template together in a meeting where partner has come prepared with supporting documents.



UNHCR/AUDITOR verifies that the content of the ICA/ICQ is aligned to the information presented in the supporting documents.



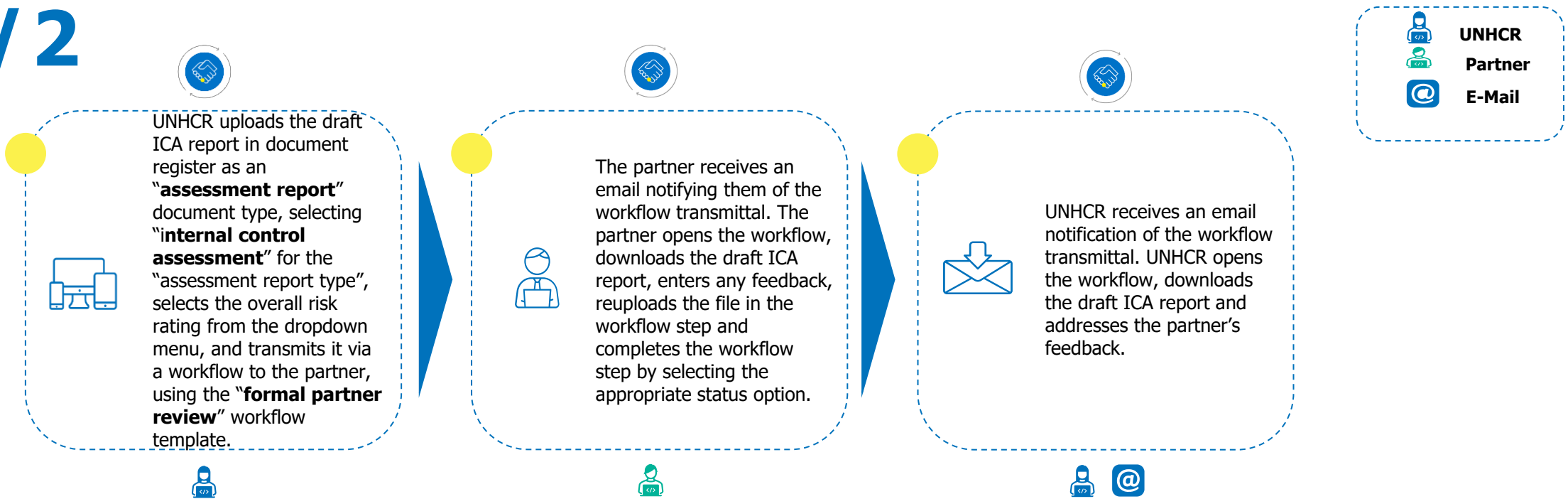
UNHCR/AUDITOR shares draft ICA/ICQ report with partner for final review and comments on findings (via Outlook or PROMS).



UNHCR/AUDITOR finalizes ICA/ICQ, taking into account any feedback from the partner. The final ICA/ICQ report is shared with the partner. UNHCR and the partner implement any recommendations as required.

ICA/ICQ process—technical steps

1/2

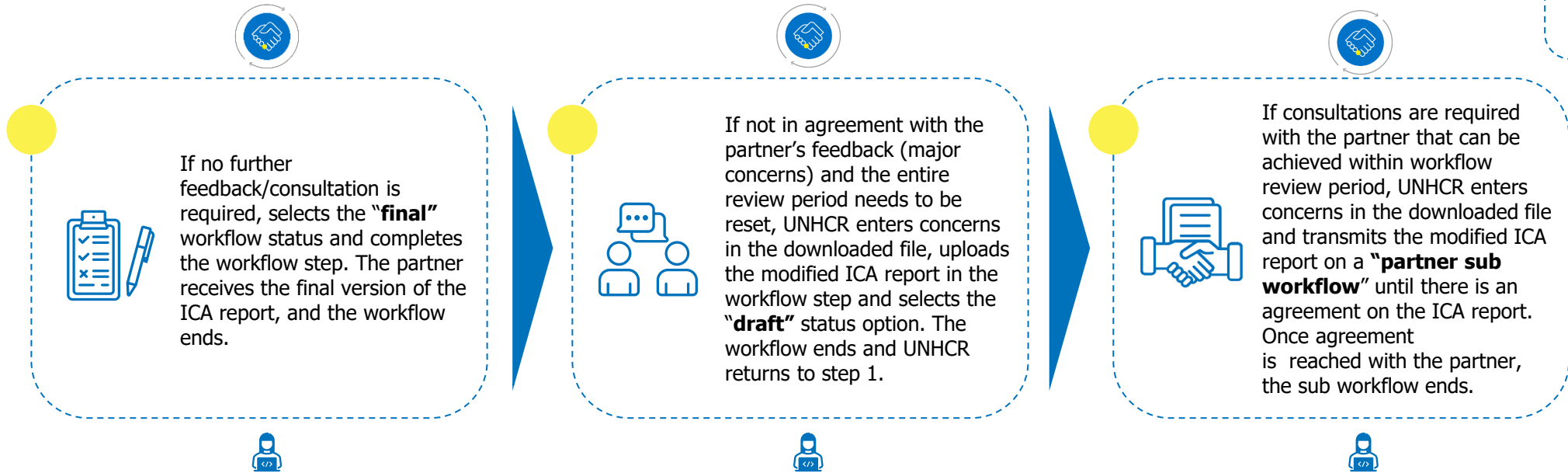


BUSINESS IMPACT

- Document management functionality to enable version control and clear audit trails
- Workflow functionality to facilitate partner collaboration and electronic approval process

ICA/ICQ process—technical steps

2/2



BUSINESS IMPACT

- Document management functionality to enable version control and clear audit trails
- Workflow functionality to facilitate partner collaboration and electronic approval process

Overview of ICA/ICQ template



- UNHCR ICA/ICQ template is harmonized with the [UN Harmonized Approach to Cash Transfers \(HACT\) Micro Assessments](#).
- The ICA examines the processes related to a partner's:
 1. Legal status
 2. Structures and governance
 3. Financial viability
 4. Programme management
 5. Organizational structure and staffing
 6. Accounting policies
 7. Fixed assets and inventory
 8. Financial reporting
 9. Monitoring
 10. Procurement rules and capacity.
- The ICA results in **risk ratings** of either low, medium, significant or high for each process reviewed.

Keep in mind:

The ICA risk rating is superseded by a project audit ICQ risk rating.

ICA/ICQ template highlights



Key questions highlighted in blue (such as 1 and 2) carry more weight (double)

Processes are fully harmonized with UN HACT Agencies

Some specific UNHCR needs are reflected here

				1	2	3	4		
				Low	Moderate	Significant	High		
				Yes	No	N/A			Comments
A. Organization									
General									
1	Is the entity in compliance with national registration requirements?	<i>If the organization is a government entity, answer "N/A". For NGO / INGO / Other entity types, please record the legal status and date of registration in the country.</i>	✓					✓	
2	Does an internet search indicate there have been no known cases of fraud, or other allegations of malpractice, concerning the entity or its staff in the last five years?	<i>The search should be performed using terms such as "fraud", "allegations", "abuse", and "criminal". When feasible this could include a search of public criminal databases depending on each country/state process for doing such a check etc. An example in Geneva: https://www.e-service.admin.ch/crex/cms/content/strafregister/strafregister_en</i>	✓				✓		
3	Does management confirm there are no ongoing legal proceedings that are likely to materially impact the organization or its	<i>Obtain and file the statement in writing, indicating the name and position of the senior official making it, and the date it was made.</i>	✓					✓	
Organizational structure and governance									
4	Does the governing body meet on a regular basis and perform sufficient oversight functions?	<i>The "governing body" may be a management board, committee or similar, and has responsibility for ensuring that the actions of the organization and its staff meet the stated objectives. Evidence of their involvement should be obtained.</i>	✓					✓	
5	Are minutes of oversight meetings maintained, with evidence of action plans and appropriate follow?		✓					✓	
6	Is the organization structured in such a way that enables clear reporting lines and designates particular areas of responsibility?	<i>Please attach the organization's organogram.</i>	✓					✓	
7	Are there sufficient procedures in place to ensure that activities performed by sub-offices are carried out in accordance with the overall policies of the organization?	<i>Sub-offices refer to other physical offices in the same country that form part of the legal entity under review. If there are no sub-offices, answer "N/A".</i>	✓					✓	
8	Are there sufficient procedures in place to ensure that financial transactions initiated by sub-offices are executed and recorded in accordance with the overall policies of the organization?	<i>If there are no sub-offices, answer "N/A".</i>	✓					✓	
9	Does the organization review the accuracy and completeness of the supporting documentation for transactions incurred by its sub-offices prior to the amounts being consolidated into the central	<i>If there are no sub-offices, answer "N/A".</i>	✓					✓	
High risk									
B. People and behaviours									
General									
1	Is there an HR manual that covers key areas such as recruitment, employment and personnel practices, and which is provided to all staff?	<i>This may include checking if the review of payroll is performed before processing the payment, including an analysis of variances vs prior period, of overtime, bonuses and vacation and Personnel expenses (incl. travel etc.) are approved independently to verify that they are valid and in compliance with the project agreement.</i>	✓				✓		
Recruitment and retention									
2	Are vacant positions widely advertised?		✓						
3	Are the selected candidates appointed to roles in a competitive and transparent way, that is documented and filed?	<i>This may include checking if any function of the organization is outsourced? Such as payroll etc.</i>	✓						
4	Are background checks performed on potential employees and		✓						